

February 15, 2012

Webster Township Board of Trustees
5665 Webster Church Rd
Dexter, MI 48130

Dear Trustees:

In response to the questions and concerns voiced at the January 16, 2012 Regional Fire Committee roundtable, the Committee has summarized the direct benefits that Webster Township will receive by participating in the proposed consolidation of the Dexter Area Fire Department and the Scio Township Fire Department. The benefits fall into four basic categories: level of service, cost, budget control and board representation. This letter also addresses the issue of response to calls for service on the expressways that run through Scio Township. The Committee respectfully requests that you review the information contained in this letter and provide feedback to the Committee - additional questions are welcomed.

Higher Level of Service (Lower Response Times)

The level of service to Webster, as measured by response time, will improve measurably under the consolidated department. The new department will deliver better service for two primary reasons:

- Shorter distances from responding stations to Webster residents.
- Improved coordination of response to simultaneous or overlapping calls for service.

The attached maps outline estimated response time from each station of the consolidated department and clearly illustrate the service improvement attributed to the proximity of residences to a responding station.. The east and especially the northeast sections of Webster will realize an improved level of service with the addition of coverage from the Scio station.

In an effort to provide additional objective data documenting improved service, the Committee has determined the distance from every address in Webster Township to each current and proposed fire station within the combined DAFD-Scio service area. 2012 Webster assessing data was utilized to obtain current addresses; a total of 2991 addresses were analyzed. The distance, in road miles, from each address to the following fire stations was determined:

- Station 1 – 8140 Main Street in Dexter Village
- Station 2 – 12088 N. Territorial (Multi Lake Sewer) in Dexter Township
- Station 3 – 5665 Webster Church in Webster Township
- Station 4 – 1055 N. Zeeb in Scio Township
- Station 5 – 11485 N. Territorial at Dexter Townhall Rd in Dexter Township

(Note that Station 1, 2 and 4 are currently manned 24/7 with full-time staff, Station 3 currently functions as storage for apparatus but is not staffed with fire fighters and Station 5 is the proposed location of a new station to be built by Dexter Township. A detailed summary of the address data is attached.)

A distance of less than five (5) road miles to a responding station is a widely recognized benchmark of a fire department's capacity to deliver an acceptable level of service. This criterion is used by the Insurance Service Organization (ISO) when rating fire departments and most providers of homeowners' insurance utilize the ISO ratings to determine insurance rates. The "5-mile" criterion is especially important for emergent medical responses since approximately 70% of all calls are medical related.

Currently, only 1,583 (52.9%) Webster addresses are located within five road miles of a single DAFD staffed fire station and 268 (9.0%) addresses are located within five miles of two DAFD staffed fire stations. If DAFD consolidates with Scio, 156 (5.2%) addresses will be closer to one of the consolidated responding stations. In addition, 972 (32.5%) addresses will be located within 5 miles of two responding stations. The distance analysis also showed that 730 Webster Township addresses are within 5 miles of the existing Scio Township Station, which means there will be improved service during periods of overlapping calls. Being within five miles of two stations is particularly important to ensure consistent service delivery during overlapping calls or major incidents.

Presently, nearly half (47.1%) of Webster addresses are located greater than five road miles from a staffed fire station. However, the level of service provided to those addresses would improve dramatically if the Webster Board elects to provide living quarters at the current Station 3 or chooses to construct a new Station 3. Either DAFD or the consolidated department is able to provide staffing for Station 3. With Station 3 staffed, the number of addresses located outside the 5-mile response area is reduced to only 458 (15.3%) and, of those, all will be much closer to a responding station than before. A staffed Station 3 also increases the number of addresses that are within 5 miles of multiple fire stations thereby stabilizing the level of service during overlapping calls and major incidents. Under a consolidated department, 1490 (49.8%) addresses will be within 5 miles of two responding stations and 629 (21.0%) addresses will be within 5 miles of three responding stations.

The fire Committee strongly endorses Webster's future plan to construct and staff Station 3. As noted above, Station 3 will significantly improve the level of service to residents of Webster. The consolidation of DAFD and Scio will help Webster achieve a staffed substation more quickly due to the ability to share the cost among more partners. Additionally, under a consolidated department, Webster's share of the Station 3 staff costs will be significantly less.

Another immediate service improvement in Webster Township after consolidation is access to five Scio Township fire fighters currently residing within Webster Township. As members of Scio's department, these fire fighters respond in Webster only if Scio Township is requested via mutual aid and their response, if needed, is delayed. After consolidation, these fire fighters will be notified immediately when there is a call and provide much quicker response within the township.

Lower Cost

Webster Township's allocated contribution to the DAFD budget for years 2009 through 2011 was/is as follows:

- 2009 - \$310,795 contribution (31.2% of the \$998,600 DAFD budget)
- 2010 - \$329,903 contribution (32.4% of the \$1,020,463 DAFD budget)
- 2011 - \$407,510 contribution (39.5% of the \$1,032,023 DAFD budget)
- 2012 - \$452,779 contribution (36.2% of the \$1,252,368 DAFD budget)

Using the new fire department cost allocation model, the Committee estimates that Webster Township's costs for the first year of the consolidation would be \$379,921 – a decrease of \$72,858, or 16.1% from Webster's 2012 DAFD contribution. The Committee's estimate is based on a consolidated department budget that is equal to the combined 2012 DAFD and 2011/12 Scio budgets.

At the roundtable meeting, Webster Board members acknowledged the projected first year cost savings but were skeptical about their future costs in a consolidated department. While the Committee cannot guarantee continued Webster savings, there is a solid basis for the belief that savings to Webster will be sustained for two key reasons:

- The consolidated department will produce significant operational efficiencies thereby lowering overall costs for all.
- Webster's percentage contribution to the consolidated budget is far lower (approximately 17%) than Webster's current percentage contribution to the DAFD budget (36.2% in 2012). Therefore, the consolidated fire department budget would have to rise significantly - over \$454,000 or 20.5% - before Webster's cost share under the new department is equal to their 2012 DAFD contribution.

Provision of the identical level of service by the consolidated department as currently provided by DAFD will not result in any budget increases. However, when Webster decides it is time to increase its level of service by constructing a substation, the cost to Webster for staffing the new substation will be substantially lower under a consolidated department.

One of the most significant operational efficiencies and related cost saving that will result from the consolidation of departments is improved management of major apparatus. For example, both DAFD and Scio are currently in need of a new tower truck. The cost of a new tower truck is projected to be approximately one million dollars. Under DAFD's current cost allocation, Webster would be responsible for 36.2 % or approximately \$362,000.00 of the total cost for the truck. Since the consolidated department will only need one tower truck, Webster would share in the million dollar cost savings for the region. In addition to the regional savings, Webster's reduced cost share (17%) under the consolidated department would save Webster an additional \$192,000.00 on a new tower truck. The cost savings associated with the tower truck are significant and easy to measure. It should be noted, however, that consolidation will provide additional opportunities to reduce apparatus cost by avoiding duplication of equipment that can be shared.

Consolidation will also lower the cost for all DAFD municipalities for runs from DAFD stations into Scio Township that are currently handled free of charge under mutual aid. These calls will be included in the cost allocation model and billed to Scio Township. DAFD has responded to an average of 23 mutual aid runs to Scio Township over the past 3 years (70 total).

Budget Control and Predictability

The annual Dexter Area Fire Department (DAFD) budget is developed and approved by the DAFD Board without direct input or approval by the Webster Township Board. The proposed Interlocal Agreement provides for the same budget approval process with one important difference. If the new Fire Board proposes a budget with an increase in expenditures greater than 3% over the Consumer Price Index (CPI), approval of the budget is contingent on the affirmative vote of a majority of the governing bodies of all the participating municipalities.

This provision adds a measure of direct cost control and ensures the involvement of the governing bodies of Webster Township and all the other participating municipalities for major budgetary decisions.

DAFD allocates cost based solely on the previous years' number of runs to each municipality. Since the number of annual runs to each municipality can vary significantly, DAFD's cost allocation method often results in considerable year to year differences in apportioned cost. The proposed new Interlocal Agreement will eliminate sharp fluctuations in the year to year costs in two ways.

First, costs will be allocated based on a weighted formula of three factors:

- Population - 30%
- State Equalized Value (SEV) - 30%
- Rolling three year run average - 40%

Since the year to year variation in population and SEV is very small, 60% of the budget will be allocated based on factors with a high degree of stability. The second way that year to year fluctuation will be reduced is by the use of a three-year rolling average of runs, instead of only the previous years' run total. The improvements to the cost allocation model will provide increased predictability and stability for each municipality as they develop their own public safety budgets.

One additional financial related change is the timing of the fiscal year. The current fiscal year of the DAFD runs on the calendar year. Under the new agreement, the fiscal year will be April to March, which is the same as Webster Township's fiscal year. The alignment of the fiscal years will make budgeting for annual fire expenses easier for each of the Townships.

Board Representation

The current DAFD agreement provides two municipalities with two representatives on the Board and one municipality with two regular plus one "at large" representative for a total three making it a seven member Board. Under this arrangement, one municipality has only to persuade one other representative to achieve a controlling majority on any question. Due to the six year Board terms, the influence of one municipality is continuous for a long period of time. The current DAFD Board "at large" representative is from Dexter Township.

The proposed Interlocal Agreement provides three municipalities with two representatives and one municipality (the largest contributor) with three representatives for a total of nine Board members. Under this arrangement, the largest contributing municipality would need to garner the support of at least two other representatives to achieve a controlling majority.

In practice, governing bodies seldom decide any question without consensus of the entire board. However, if DAFD and Scio combine it will be more difficult for Scio Township to control a question than it currently is for Dexter Township to do the same thing. As an added protection against the undue influence of one municipality, the proposed Interlocal Agreement requires the vote of a majority of the entire board (5 votes) to decide any question.

Expressway Calls for Service

The current DAFD service area does not include any portion of I-94 or M-14. Under consolidation, the new department will be responsible for coverage of these expressways in Scio Township. Questions have arisen over whether or not responses to the highway will leave other portions of the combined service area with inadequate or no coverage.

It is true that the expressway can generate multiple calls for service, especially in bad weather. However, the Committee believes that the expressway calls will not negatively impact the DAFD service area to any greater extent than what happens now. The reason for this assertion is simple – mutual aid. Currently, if Scio is responding to a call on I- 94 and another call comes in, Scio Township simply requests mutual aid from DAFD. Similarly, if there is a major incident on I-94, DAFD would more than likely provide mutual aid to the scene or at least backup to other portions of Scio. Therefore, the reality is that DAFD already helps Scio with expressway coverage and that DAFD's assistance will continue whether or not a consolidation occurs. The difference under consolidation is that Scio would pay for the service provided. The consolidation of DAFD and Scio will facilitate better response management to all overlapping calls for service – on I-94 and elsewhere – due to the central control of additional resources.

The Committee sincerely appreciates your participation in the roundtable and also the valuable contribution that your questions and comments provide to the process. We also thank you in advance for your thoughtful consideration of this letter and your continued input if you have additional questions or concerns. We hope that we will be able to move forward with this strategic partnership, which we firmly believe is in the best interest of all of our communities and the region as a whole.

Sincerely,

Shawn W. Keough
President, Village of Dexter

Spaulding Clark
Supervisor, Scio Township

Pat Kelly
Supervisor, Dexter Township

John Kingsley
Supervisor, Webster Township